



Director of  
Central  
Intelligence

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# National Intelligence Daily (Cable)

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## BRIEFS AND COMMENTS

## IRAN: Labor Unrest

*//A drop in Iranian crude oil production appears to be related to increased labor unrest in Khuzestan Province, the location of Iran's major oilfields. Serious violence has erupted in the major port city of Khorramshahr, where worker discontent has been worsened by growing friction between local Arabs and Persians.//*

[REDACTED]

[REDACTED] The drop in production follows the apparent failure of National Iranian Oil Company Chairman Nazih to cope with radical oil workers' demands for a greater role in management and a larger share of the nation's oil revenues.// [REDACTED]

Workers at the nation's largest oil refinery at Abadan also have engaged in protests during the past several days, and several thousand dockworkers last week renewed a walkout at Khorramshahr. Labor difficulties at the port erupted in violence yesterday and Tuesday when the Arab community was aroused by the killing of two Arabs by revolutionary guards. Arab mobs attacked and burned several public buildings, and [REDACTED] reported dozens dead and hundreds wounded. According to Tehran radio, some fighting has also occurred in nearby Abadan. [REDACTED]

*//The potential for continued violence in Khuzestan will remain high because of rivalries among the numerous well-armed groups there. The government will have to move cautiously in meeting some Arab demands for autonomy while retaining control of the vital oil sector. If the labor situation were to worsen, Iran would suffer the loss of needed oil revenues.//* [REDACTED] [REDACTED]

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NICARAGUA: Fighting Continues

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*//The Sandinista "offensive" launched on Monday is concentrated in the area below Rivas near the southwestern border with Costa Rica. The National Guard is responding in strength and plans a counteroffensive today.* [REDACTED]

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*//Unconfirmed press accounts report significant guerrilla attacks on nearby Puerto Cabezas, following the fighting Monday at mining towns in northeastern Nicaragua. The Guard already had its best counterinsurgency commander in the area.* [REDACTED]

*//It may take several days for the Guard counteroffensive in the southwest to have an impact, but there has been no apparent popular uprising in support of the guerrillas, and Somoza appears confident that he can contain this latest outbreak. He is dispatching a large number of ready reaction forces--weakening Managua's defenses probably more than he would like--in order to cut off the guerrillas' evacuation routes to Costa Rica.* [REDACTED]

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The Organization of American States is expected to meet Monday to hear Nicaragua's charges of complicity by Costa Rica, Panama, and Venezuela in the Sandinista operation. Nicaragua reportedly will document recent Panamanian arms deliveries by air to the guerrillas in Costa Rica and will assert that two unidentified airplanes that attempted to land in northeastern Nicaragua Monday, apparently in connection with Sandinista attacks, were from Panama. [REDACTED]

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RHODESIA: Muzorewa Announces His Cabinet

*Rhodesian leader Ndabaningi Sithole's refusal to fill his party's two positions in the cabinet announced by Prime Minister Muzorewa yesterday is unlikely to cause major problems for Muzorewa, who seems to have reached a working relationship with the white leadership. The government should be strengthened by Ndebele Chief Ndiweni's decision to join the government of national unity.* [REDACTED]

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The cabinet--which includes 10 members of Muzorewa's United African National Council, five members of the white Rhodesian Front Party, and two members of the Ndebele-based United National Federal Party--will be installed tomorrow, at which time the new constitution for Zimbabwe Rhodesia also will take effect. [REDACTED]

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The raids yesterday on several offices of Sithole's party, including its headquarters, and the arrest of at least three party officials, probably were intended as a warning to Sithole that he should cooperate with the new government. Muzorewa will probably take stronger action if Sithole refuses to support the government. [REDACTED]

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The only notable omission from the cabinet was Muzorewa's maverick deputy, James Chikerema. Muzorewa had been under intense pressure from his party to exclude the ambitious Chikerema, who recently threatened to lead many fellow Zezuru tribesmen out of the UANC and establish an opposition party. [REDACTED]

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Although Muzorewa wanted to exclude former Prime Minister Ian Smith from the cabinet, he had no choice under the constitution but to offer Smith the position of minister without portfolio. Muzorewa also may have agreed to bring another white hardliner, P. K. Van der Byl, into the cabinet to placate the whites. The Prime Minister should enjoy a good working relationship with the three other whites in the cabinet, particularly David Smith, who was persuaded to come out of political retirement. Smith plans to take over the seat of another white in parliament to qualify for a cabinet post, and is considering joining Muzorewa's party at a later date. [REDACTED]

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SUDAN-LIBYA: Return of Exiles

*At least 250 exiles from the conservative Ansar Muslim sect arrived in Sudan from Libya this week, providing the first clear evidence of a rapprochement between these two long antagonistic states. The improvement in relations has resulted primarily from the failure of Sudanese President Numayri, who retains close ties with Egyptian President Sadat, to support publicly the Egyptian-Israeli peace treaty.*

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Some 1,000 to 2,000 Ansar exiles have been living in Libya. They participated in an abortive challenge to the Numayri regime in 1970 and spearheaded two coup attempts in 1975 and 1976. The symbolically important repatriation was negotiated during a visit early this month to Tripoli by Sudanese Vice President and Foreign Minister Bakr. Partly on his own initiative, Bakr agreed to a communique that in its tone was critical of Egypt.

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Numayri has long sought the return of the Ansars to defuse the political threat to his regime posed by Ansar leader Sadiq al-Mahdi. Last month, Numayri met with Sadiq in London to discuss his possible return to Sudan. Sudan also seeks correct relations with Libya to relieve pressure from the more heavy-handed Iraqis, who want the Sudanese to condemn openly the Egyptian-Israeli treaty.

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Libya, with Saudi Arabia and most other Arab states, is pursuing the alternative strategy of attempting to woo Sudan away from Egypt. This approach has been effective. In their statements on Arab-Israeli settlement efforts, Sudanese spokesmen have limited themselves to reaffirmations of the rights of the Palestinians and the need for Israel to return the occupied territories and Jerusalem to the Arabs.

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## LIBYA-US: Relations

*Libyan leader Qadhafi may retaliate against US interests because of Washington's recent decision not to allow the sale of three 747 aircraft to Libya. The US action was prompted by the Libyans' use of 727s as transports in their military venture in Uganda. The annual evacuation day ceremonies on 11 June, commemorating the US departure from the former Wheelus Air Force Base, would give Qadhafi a likely forum for announcing any anti-US measures.*

Libya, which has been trying to improve its relations with the US, may first test whether the decision might be reversed; the sale of 727s last year was first denied and later approved. Qadhafi also will worry about possibly pushing the US into cooperating with Egypt in a military move against Libya--something he already suspects the US is considering

If Qadhafi sees no possibility of improved relations with the US, however, he may draw a parallel between Washington's denial of the aircraft and Libya's ability to deny its oil to the US. Because of the current oil shortage, Libya could reduce or cut off sales to the US without risking a loss of income. Libya also could take over the remaining US oil company assets in the country--worth \$2.5 billion, not counting the oil in the ground.

Other possible actions open to Qadhafi would include a move against US interests in the Middle East as part of the attack on the Egyptian-Israeli treaty, perhaps using Libya's connections with radical Palestinian groups. Relatively mild steps could include either a move against one of the more vulnerable US companies or a largely symbolic breaking of relations. The Libyans have already displayed irritation at US reluctance to improve relations in response to Libyan overtures.

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PHILIPPINES: Communist Insurgency

*Guerrillas of the New People's Army, the military arm of the Maoist Communist Party, have recently increased their attacks against government forces and raids on small towns on the island of Samar. Although the insurgency poses no direct threat to the government, Defense Minister Enrile has reinforced the Philippine armed forces in the areas affected.* [REDACTED]

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Unlike the Muslim insurgency in the southern Philippines, the 2,000 to 3,000 armed insurgents of the New People's Army are not limited to one geographic area or to a single religious or ethnic group. The Maoist Communist Party has only limited financial resources and its 4,000 members lack strong central organization. Over the last several years a number of insurgent leaders have either been captured or killed by government forces. [REDACTED]

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Despite these setbacks, the New People's Army is still capable of small-scale terrorist activity, especially in economically depressed areas such as Samar. The guerrillas have also been able to exploit abuses by the military in many rural areas. Enrile has relieved 70 officers and men, including the entire Marine contingent on Samar, on charges of extortion. [REDACTED]

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## OECD: Aid Package to Turkey

Organization for Economic Cooperation and Development member countries yesterday pledged \$906 million to finance Turkey's urgent import requirements. Financing, however, is tied to the condition that Turkey will work out a loan agreement in its protracted negotiations with the International Monetary Fund, which is demanding an economic stabilization program. The aid package is a manifestation of the rescue operation for Turkey launched at the Guadeloupe summit earlier this year. Combined with money from private lenders and the World Bank--which also is contingent on agreement between Turkey and the IMF--and the small amount available from the IMF itself, the OECD financing could enable Turkey to cover most of its financing requirement for this year. The US has pledged \$248 million, West Germany \$200 million, and France \$70 million. Over 70 percent of the pledged amount consists of long-term concessionary loans, the remainder export credits. The UK and some smaller countries have not yet pledged.

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TURKEY: Minister Resigns

Enver Akova, an independent minister, has resigned from Prime Minister Ecevit's government amid speculation that five other independent ministers may follow suit, according to the Turkish Government radio. All six are conservative former members of the opposition Justice Party. Should they rejoin the opposition, the addition of their six votes would be enough to bring down the government. Akova's resignation may have been sparked by rumors that Ecevit would seek to appease the strong dissent within his Republican People's Party by offering party leftists cabinet posts.

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SPECIAL ANALYSES

EC: Parliamentary Elections

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*//Voters in the nine EC countries will elect 410 members to the European Parliament on 7 and 10 June. This is the first "European" election ever held, but campaigns are being conducted largely on a national basis. As the new parliament seeks to become more influential, it will face a number of political constraints.//*

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*//National results will be seen, particularly in France, Belgium, and Ireland, as an index of the strengths of domestic political forces. In France, for example, Gaullist leader Jacques Chirac has tried to turn the election into a referendum on the present government. The election will have much less significance in such countries as Italy, Luxembourg, and the UK, which will have held national elections concurrently with or not long before the EC elections.//*

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*//European-wide results of the elections will be important in several ways. The party composition of the parliament could have an impact on domestic politics in the nine countries. Socialists are likely to be the largest organized group in the new parliament, just as they were in the old parliament, whose members were representatives of the national legislatures appointed by those legislatures.//*

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*//The level of voter participation probably will influence early perceptions of the parliament's legitimacy. The relatively high turnouts expected in France, Luxembourg, and Ireland will give a boost to those who claim the parliament will speak for the West European electorate. The lower turnouts anticipated in the UK, Italy, and perhaps West Germany will be cited by those who oppose expanded parliamentary influence. A low West German turnout would be particularly damaging to the parliament, given West Germany's political and economic importance and traditionally pro-EC electorate.//*

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//In some countries the election is being characterized as a referendum on the Community itself. Both Communists and Gaullists in France are waging anti-EC campaigns. Similar campaigns are being waged in Denmark by a coalition that cuts across several parties and in the UK by individual candidates of the Labor Party.//

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From the Old Parliament to the New

//The opposition by some EC members, especially the French, to any expansion of parliamentary powers effectively rules out anything more than a very gradual, evolutionary growth in formal powers. For the foreseeable future, therefore, the new parliament will be operating on the basis of limited or virtually unusable powers.//

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//The parliament, for example, will have the power to amend the EC budget, but the budget in the main is determined in the EC Council of Ministers by the member state governments. It will have the power to reject the entire EC budget and could dismiss the Community's administrative body, the EC Commission. These two powers are so sweeping that the parliament would provoke a constitutional crisis if it ever used them. The parliament will also have the ability to keep tabs on the Commission and its subordinate bureaucracy by asking written questions, which must be answered.//

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//Informally, however, there are several ways the parliament might expand its role. The presence of a handful of important political leaders in the new parliament, such as former West German Chancellor Brandt and French Socialist leader Mitterrand, will lend prestige and perhaps more influence to the assemblage. The EC Commission might view the new parliament as a potential ally against national interests and take steps to increase the parliament's influence. The Commission could allow greater parliamentary participation in the development of EC policy, an activity in which the present parliament's committees are already involved. Several of the new members of parliament will represent special interests such as the agricultural and fishing sectors and will want to influence policy in those areas.//

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//How the new parliament organizes to exercise its popular mandate will be crucial. Leadership may be a problem. Many of the newly elected members will be parliamentary and even political neophytes, and the most experienced will have significant commitments elsewhere.//

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//The new members will have differing views about whom precisely they represent. The British representatives will be the only ones elected from particular districts; the other members will be elected from regional or national party lists, and they will feel varying degrees of regional, national, or even "European" loyalty.//

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//There also is the question of where the new members will look for policy guidance and authority. They probably will be less inclined than former members to accept direction by their national parties because they will not be members of national legislatures. Most national parties may not even be much interested in the degree to which the members of the European Parliament are responsive to party directives. Although they may aspire to greater policy influence, the transnational party confederations that have coordinated some campaign activities are not close to being able to replace national parties as sources of guidance.//

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//If the new parliament manages to deal with these organizational difficulties, it will be in a stronger position to press for an expansion of its influence. If it can then clearly and responsibly address European issues, the European Parliament's new popular mandate will at least gain an attentive hearing.//

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ARAB STATES: Military Cooperation

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*//The Egyptian-Israeli peace treaty, which has prompted some surprising political and economic moves by the Arab states, is unlikely to generate any significant military cooperation in the near term. In time, however, it could motivate the Arabs to overcome the substantial obstacles to such cooperation.//* [REDACTED]

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*//Iraqi efforts to persuade Syria to combine their armed forces and unify their commands appear to be at a standstill while the two countries attempt to work out a framework for political unity.* [REDACTED]

[REDACTED]

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*//The likelihood of major cooperation between Iraq and Jordan is also slight, although the Iraqis and Jordanians have exchanged several delegations and have taken some steps* [REDACTED] *In his dealings with the Iraqis, however, Jordanian King Hussein will always be aware that the Iraqis have been the prime movers behind the Baghdad summit fund--under which Jordan was promised some \$1.2 billion annually for 10 years. Iraq reportedly has been urging the other contributors to follow through on their pledges.//* [REDACTED]

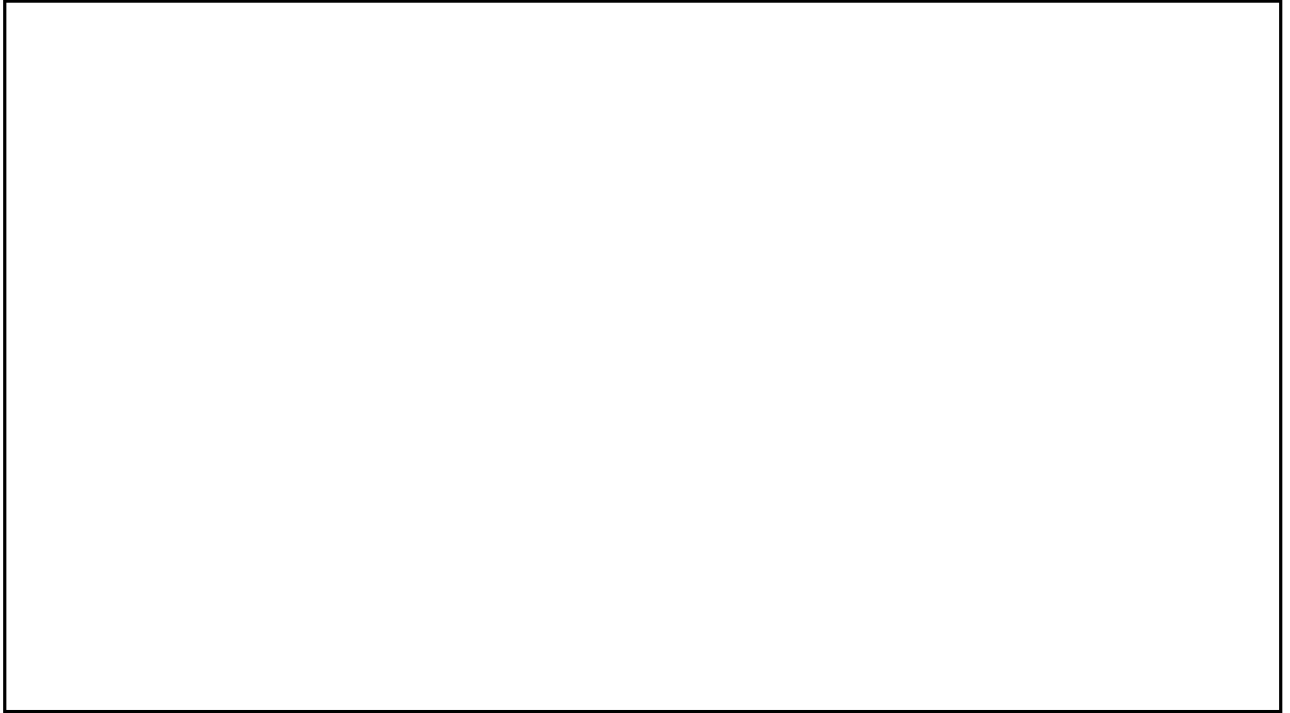
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*//The money from the fund would help Hussein purchase expensive and sophisticated arms, such as British-built Chieftain tanks and US- or French-made fighters, that he feels his military must have to present a credible defense against Israel in the next decade. The Syrians have already concluded some agreements for West European military equipment and are negotiating for more on the basis of the Baghdad summit aid pledges. There are also indications that Iraq and Algeria may commit much of their contributions to the fund to buying additional Soviet arms for Syria.//* [REDACTED]

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//The small steps taken thus far in the direction of Arab military cooperation will only marginally improve Arab combat capabilities against Israel. These steps represent another, albeit limited, dimension in Arab opposition to the current peace process. Longstanding and deep-seated inter-Arab suspicions militate against significant pre-conflict military cooperation among the Arab states in anything but the longer term.//

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